

DRAFT

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

ITEM # 22

I.D. #11263

RESOLUTION E-4486 (rev.1)

May 10, 2012

REDACTED  
**RESOLUTION**

Resolution E-4486. San Diego Gas & Electric Company requests approval of a renewable energy power purchase agreement with Mesa Wind Power Corporation.

PROPOSED OUTCOME: This resolution approves cost recovery for the short-term renewable energy power purchase agreement between San Diego Gas & Electric Company and Mesa Wind Power Corporation. The power purchase agreement is approved without modification.

ESTIMATED COST: Costs of the power purchase agreement are confidential at this time.

By Advice Letter 2309-E filed on December 2, 2011 and AL 2309-E-A filed on April 4, 2012.

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**SUMMARY**

**San Diego Gas & Electric Company's renewable energy power purchase agreement with Mesa Wind Power Corporation complies with the Renewables Portfolio Standard procurement guidelines and is approved without modification.**

San Diego Gas & Electric Company (SDG&E) filed Advice Letter 2309-E on December 2, 2011, requesting California Public Utilities Commission (Commission) review and approval of a two year, renewable energy power purchase agreement between SDG&E and Mesa Wind Power Corporation (Mesa Wind). On April 4, 2012, SDG&E filed Advice Letter 2309-E-A requesting approval of an amended and restated power purchase agreement that supersedes the power purchase agreement filed in AL 2309-E and clarifies the contract terms regarding the product delivered and purchased pursuant to the power purchase agreement. The amended and restated power purchase agreement is the result of SDG&E's 2011 RPS solicitation. Generation pursuant to the amended and restated power purchase agreement will be from the

operating Mesa Wind facility. The wind facility's capacity is 29.9 megawatts (MW) and is located in Whitewater, Riverside County, California.

This resolution approves the amended and restated Mesa Wind power purchase agreement. SDG&E's execution of this amended and restated power purchase agreement is consistent with SDG&E's 2011 RPS Procurement Plan, including its resource need, which the Commission approved in Decision 11-04-030.

Deliveries under the amended and restated Mesa Wind power purchase agreement are reasonably priced and fully recoverable in rates over the life of the amended and restated power purchase agreement, subject to Commission review of SDG&E's administration of the amended and restated power purchase agreement.

The following table provides a summary of the Mesa Wind power purchase agreement:

**Table 1: Summary of Mesa Wind Power Purchase Agreement**

Generating Facility	Technology Type	Capacity (MW)	Energy (GWh/yr)	Contract Start Date	Term (Years)	Location
Mesa Wind	Wind, existing	29.9	55	No later than April 15, 2012	2	Whitewater, Riverside County

## **BACKGROUND**

### **Overview of the Renewables Portfolio Standard (RPS) Program**

The California RPS program was established by Senate Bill (SB) 1078, and has been subsequently modified by SB 107, SB 1036, and SB 2 (1X).<sup>1</sup> The RPS program is codified in Public Utilities Code Sections 399.11-399.31.<sup>2</sup> Under SB 2 (1X), the RPS program administered by the Commission requires each retail seller to procure eligible renewable energy resources so that the amount of electricity generated from eligible renewable resources be an amount that equals an average of 20 percent of the total electricity sold to retail customers in

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<sup>1</sup> SB 1078 (Sher, Chapter 516, Statutes of 2002); SB 107 (Simitian, Chapter 464, Statutes of 2006); SB 1036 (Perata, Chapter 685, Statutes of 2007); SB 2 (1X) (Simitian, Chapter 1, Statutes of 2011, First Extraordinary Session).

<sup>2</sup> All further references to sections refer to Public Utilities Code unless otherwise specified.

California for compliance period 2011-2013; 25 percent of retail sales by December 31, 2016; and 33 percent of retail sales by December 31, 2020.<sup>3</sup>

Additional background information about the Commission's RPS Program, including links to relevant laws and Commission decisions, is available at <http://www.cpuc.ca.gov/PUC/energy/Renewables/overview> and <http://www.cpuc.ca.gov/PUC/energy/Renewables/decisions.htm>.

## **NOTICE**

Notice of Advice Letter 2309-E and Advice Letter 2309-E-A was made by publication in the Commission's Daily Calendar. SDG&E states that copies of the Advice Letters were mailed and distributed in accordance with Section IV of General Order 96-B.

## **PROTESTS**

SDG&E's Advice Letters 2309-E and 2309-E-A were not protested.

## **DISCUSSION**

### **San Diego Gas & Electric Company requests approval of a renewable energy power purchase agreement with Mesa Wind Power Corporation.**

On December 2, 2011, San Diego Gas and Electric Company (SDG&E) filed Advice Letter (AL) 2309-E requesting California Public Utilities Commission (Commission) approval of a short-term power purchase agreement (PPA) with Mesa Wind Power Corporation (Mesa Wind). On April 4, 2012, SDG&E filed AL 2309-E-A requesting Commission approval of an amended and restated PPA with Mesa Wind that supersedes the PPA filed in AL 2309-E. The amended and restated PPA does not change the price, term, contract start date, or facility. The amended and restated PPA clarifies PPA terms regarding the product delivered and purchased pursuant to the PPA.

The amended and restated Mesa Wind PPA concerns generation from the 29.9 MW Mesa Wind facility which began operating in 1984, and has been certified by the California Energy Commission (CEC) as an RPS-eligible facility.

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<sup>3</sup> D.11-12-020 established a methodology to calculate procurement requirement quantities for the three different compliance periods covered in SB 2 (1X) (2011-2013, 2014-2016, and 2017-2020).

Pursuant to the amended and restated Mesa Wind PPA, SDG&E will annually receive approximately 55 gigawatt-hours (GWh) of RPS-eligible deliveries.

The Mesa Wind facility is located in Riverside County approximately 5.5 miles northwest of Palm Springs, California. The project was connected to the 115 kV Pan Aero substation on the distribution system, but has completed the process of directly interconnecting to the California Independent System Operator (CAISO). Generation from the project previously had been under a long-term Qualifying Facility contract to Southern California Edison which Mesa Wind has terminated.

During the period between the project completing CAISO interconnection and Commission approval, SDG&E will purchase only energy. Upon Commission approval a one-time true-up will be paid for the renewable energy credits associated with the energy purchased prior to Commission approval, and SDG&E will be authorized to accept future RPS-eligible generation. The contract term is for approximately two years beginning in April 2012; thus, generation pursuant to the amended and restated Mesa Wind PPA could count towards SDG&E's RPS requirements for Compliance Period 2011-2013.

**SDG&E requests that the Commission issue a resolution that finds:**

1. The proposed amended and restated Mesa Wind PPA is consistent with SDG&E's CPUC-approved RPS Plan and procurement from the Mesa Wind PPA will contribute towards SDG&E's RPS procurement obligation.
2. SDG&E's entry into the amended and restated Mesa Wind PPA and the terms of such agreement are reasonable; therefore, the amended and restated Mesa Wind PPA is approved in its entirety and all costs of the purchase associated with the amended and restated Mesa Wind PPA, including for energy, green attributes, and resource adequacy are fully recoverable in rates over the life of the amended and restated Mesa Wind PPA, subject to Commission review of SDG&E's administration of the amended and restated Mesa Wind PPA.
3. Generation procured pursuant to the amended and restated Mesa Wind PPA constitutes generation from an eligible renewable energy resource for purposes of determining SDG&E's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewable Portfolio Standard program (Pub. Util. Code §§ 399.11, et seq. and/or other applicable law) and relevant Commission decisions.

**Energy Division Evaluated the amended and restated Mesa Wind PPA on the following criteria**

While the Commission approved a “fast track” approval process in D.09-06-050 for short-term RPS contracts, SDG&E did not request “fast-track” approval of the amended and restated Mesa Wind PPA. Therefore, Energy Division reviewed the PPA based on the below criteria.

- Consistency with SDG&E’s 2011 RPS Procurement Plan
- Consistency with SDG&E’s Least-Cost, Best-Fit requirements
- Consistency with RPS standard terms and conditions
- Consistency with minimum quantity requirements
- Independent Evaluator review
- Cost reasonableness
- Project viability assessment and development status
- Compliance with the Interim Greenhouse Gas Emissions Performance Standard
- Procurement Review Group participation

**Consistency with SDG&E’s 2011 RPS Procurement Plan**

Pursuant to statute, SDG&E’s 2011 RPS Procurement Plan (Plan) includes an assessment of supply and demand to determine the optimal mix of renewable generation resources, and a bid solicitation protocol setting forth the need for renewable generation of various operational characteristics.<sup>4</sup> California’s RPS statute also requires that the Commission review the results of a renewable energy resource solicitation submitted for approval by a utility.<sup>5</sup> The Commission reviews the results to verify that the utility conducted its solicitation according to its Commission-approved procurement plan.<sup>6</sup>

In SDG&E’s 2011 RPS Plan, SDG&E expressed a commitment to contract in excess of its mandated annual procurement targets and goal of 33 percent

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<sup>4</sup> Pub. Util. Code § 399.13(a)(5).

<sup>5</sup> Pub. Util. Code § 399.13.

<sup>6</sup> SDG&E’s 2011 RPS Procurement Plan was approved by D.11-04-030 on April 14, 2011.

renewables by 2020.<sup>7</sup> SDG&E's 2011 RPS Plan also called for SDG&E to issue a competitive solicitation for electric energy generated by eligible renewable resources that could begin delivering in 2011, 2012, 2013, 2014, and 2015. Additionally, offers were to be for terms of one month to 20 years in length, with terms greater than 20 years also being acceptable. Proposals could be for peaking, baseload, dispatchable, or as-available deliveries. SDG&E additionally expressed a preference for projects that could contribute towards SDG&E's Sunrise Powerlink commitment. SDG&E also stated in its Plan that bilateral offers would be considered if they were competitive when compared against recent RFO offers and provide benefits to SDG&E customers.

The amended and restated Mesa Wind PPA is a contract for renewable generation that fits SDG&E's identified renewable resource needs because the proposed two year PPA is for generation from a renewable energy facility that is to provide renewable energy deliveries beginning in 2012. Thus, the generation will contribute towards SDG&E's near-term RPS requirement.

The amended and restated Mesa Wind PPA is consistent with SDG&E's 2011 RPS Procurement Plan, as approved by D.11-04-030.

### **SDG&E's RPS Procurement Portfolio Need**

As a resource with commercial deliveries beginning in 2012, this project will provide deliveries during Compliance Period 2011-2013.<sup>8</sup> When adjusting SDG&E's RPS procurement portfolio to account for a certain amount of contract failure, SDG&E's primary need for additional renewable generation is projected to be in Compliance Period 2011-2013 and Compliance Period 2017-2020 as shown in Figure 1.<sup>9</sup> Figure 1 depicts the Commission's forecast of SDG&E's projected net long/short position for each compliance period under a risk-

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<sup>7</sup> In D.08-12-058, which approved SDG&E's Sunrise Powerlink, SDG&E committed to procuring 33 percent of its electricity from renewables by 2020.

<sup>8</sup> RPS procurement quantity requirements were adopted in D.11-12-020.

<sup>9</sup> The Commission's forecast of SDG&E's RPS Procurement Portfolio is based on SDG&E's March 2012 RPS Progress Report, SDG&E's March 2012 Project Development Status Report, and the Commission's RPS Project Status Table.

adjusted scenario.<sup>10</sup> This graphical illustration shows that SDG&E is forecasted to be over-contracted in Compliance Period 2014-2016, and that it is under-contracted in Compliance Period 2011-2013 and Compliance Period 2017-2020.

**Figure 1: SDG&E is forecasted to be under-contracted in Compliance Period 2011-2013 and 2017-2020<sup>11</sup>**

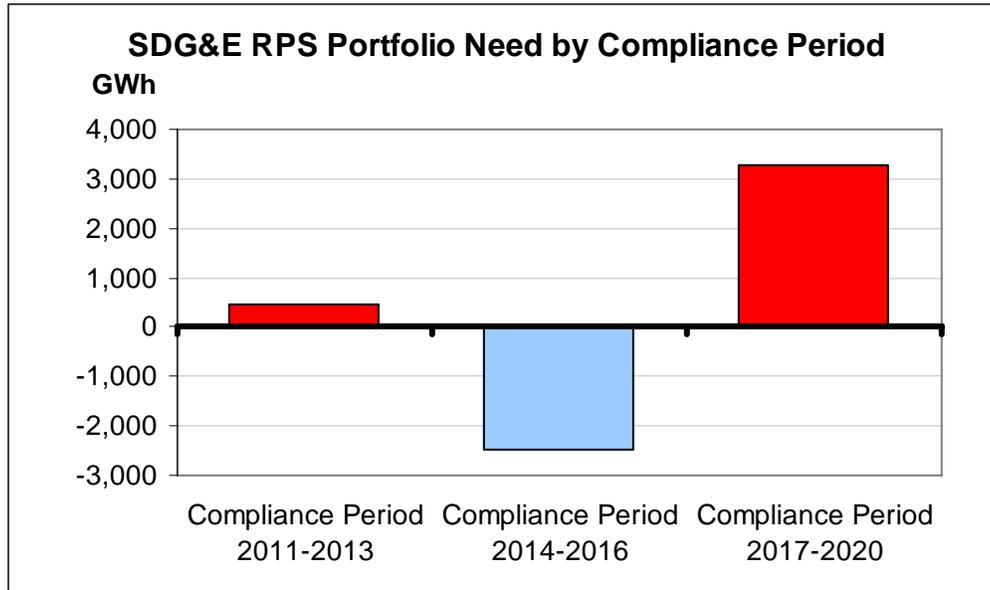


Table 1, below, provides a summary of 1) the Commission’s forecast of SDG&E’s RPS procurement portfolio (includes projects currently in operation and those with CPUC-approved contracts under a risk-adjusted scenario); 2) the Commission’s forecast of SDG&E’s RPS procurement portfolio net long/short positions relative to the RPS compliance periods’ quantity requirements; and 3) the forecasted annual generation from 2011 to 2013 for the Mesa Wind project. Given that Mesa Wind has already completed its interconnection with CAISO,

<sup>10</sup> The Commission assumed that projects under development will have a 60 percent rate of meeting the terms and conditions of the PPAs.

<sup>11</sup> Includes: operating RPS-eligible generation under CPUC-approved PPAs and RPS-eligible generation under CPUC-approved PPAs that are under development. The Commission assumed that: projects under development will have a 60 percent rate of meeting the operational terms and conditions of the PPAs and no banking of any forecasted generation.

generation from the Mesa Wind project could contribute approximately 99 GWhs towards SDG&E’s Compliance Period 2011-2013 RPS procurement needs.

**Table 2: Mesa Wind’s Expected Generation will contribute to SDG&E’s RPS Portfolio Needs in Compliance Period 2011-2013**

	Compliance Period 2011-2013	Compliance Period 2014-2016	Compliance Period 2017-2020
RPS Target	10,283	13,662	23,487
Operating	7,858	6,515	6,671
Approved <sup>a</sup>	<u>2,159</u>	<u>9,640</u>	<u>13,557</u>
Subtotal	10,017	16,155	20,228
Need <sup>b</sup>	265	-2,493	3,259
Mesa Wind	99	0	0
Units: GWh			
<sup>a</sup> The Commission assumed 60% success for projects under development			
<sup>b</sup> The Commission assumed no banking of forecasted generation because banking rules have not been implemented			

**Consistency with SDG&E’s least-cost best-fit (LCBF) methodology**

In D.04-07-029, the Commission directs the utilities to use certain criteria in their LCBF selection of renewable resources.<sup>12</sup> The decision offers guidance regarding the process by which the utility ranks bids in order to select or “shortlist” the bids with which it will commence negotiations. As described in its 2011 RPS Procurement Plan, SDG&E’s LCBF bid evaluation includes a quantitative analysis and qualitative criteria. SDG&E’s quantitative analysis or market valuation includes evaluation of price, time of delivery factors, transmission costs, congestion costs, and resource adequacy. SDG&E’s qualitative analysis focuses on comparing similar bids across numerous factors, such as location, benefits to minority and low income areas, resource diversity, etc.

The amended and restated Mesa Wind PPA is the result of SDG&E’s 2011 RPS solicitation. SDG&E explains in AL 2309-E that it evaluated and shortlisted the Mesa Wind bid consistent with its 2011 LCBF evaluation methodology. See the “Cost Reasonableness” section of this Resolution for a discussion of how the

<sup>12</sup> See § 399.13(a) (4)(A).

project compares to SDG&E's 2011 RPS solicitation and contracts executed by SDG&E 12 months prior to executing the Mesa Wind PPA. In addition, see Confidential Appendix A for SDG&E's LCBF evaluation of the project.

The amended and restated Mesa Wind PPA was evaluated consistent with the LCBF methodology identified in SDG&E's 2011 RPS Procurement Plan.

### **Consistency with RPS Standard Terms and Conditions**

The Commission adopted a set of standard terms and conditions (STCs) required in RPS contracts, four of which are considered "non-modifiable." The STCs were compiled in D.08-04-009 and subsequently amended in D.08-08-028. More recently in D.10-03-021, as modified by D.11-01-025, the Commission further refined these STCs.

The amended and restated Mesa Wind PPA includes the Commission adopted RPS "non-modifiable" standard terms and conditions, as set forth in D.08-04-009, D.08-08-028, and D.10-03-021, as modified by D.11-01-025.

### **Consistency with Minimum Quantity of Long-Term Contracts Requirement**

Section 399.13(b) allows the Commission to authorize a retail seller to enter into a contract of less than 10 years' duration if the Commission has established minimum quantities of eligible renewable energy resources to be procured through contracts of at least 10 years' duration.<sup>13</sup> While the Commission has not yet established a minimum quantity of eligible renewable energy resources to be procured through contracts of at least 10 years' duration, it may be construed that SDG&E is required to meet the minimum quantity requirements of § 399.13(b) because the amended and restated Mesa Wind PPA is less than 10 years in length.

In AL 2309-E, SDG&E provided a list of nine contracts it executed in 2011 that are longer than 10 years in contract term length (Table 3) to demonstrate that it has entered into a number of contracts that could satisfy the minimum quantity requirement. In total, the listed contracts represent 1,244 MW and 3,172 GWh. SDG&E's 2010 retail sales were 16,283 GWh; thus, the contracts SDG&E executed

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<sup>13</sup> The Commission had previously adopted a minimum quantity requirement, but SB 2 (1X) amended and renumbered Section 399.13. As a result, the Commission will need to adopt a new minimum quantity requirement.

in 2011 represent a substantial proportion of its total retail sales and likely meets a minimum quantity threshold.

**Table 3: List of SDG&E PPAs that are greater than 10 years in contract term length and were executed in 2011**

Project Name	Execution Date	Term (Years)	Vintage	Capacity (MW)	Generation (GWh/yr)
NRG Borrego	1/25/2011	25	New	26	60
Ocotillo Express Wind Project	2/1/2011	20	New	315	1022
CSolar Imperial Valley Solar West	3/8/2011	25	New	150	356
Energia Sierra Juarez	4/6/2011	20	New	156	414
Sol Orchard San Diego 1-23	4/11/2011	25	New	50	47
Soitec (5 contracts)	5/17/2011	30	New	160	398
Arlington Valley Solar Energy II	6/3/2011	25	New	127	270
Catalina	6/3/2011	25	New	110	244
SolarGen 2	6/24/2011	25	New	150	361

### Independent Evaluator Review

SDG&E retained independent evaluator (IE) Jonathan Jacobs of PA Consulting Group to oversee its 2011 RPS solicitation and to evaluate the overall merits for CPUC approval of the PPA. AL 2309-E included a public and confidential independent evaluator’s report.

In the IE report, the IE states that he believes that the Mesa Wind PPA reflects fair negotiations. Additionally, the IE states that Mesa Wind PPA fits well with SDG&E’s need and that it is quite viable. Overall, the IE states that he agrees with SDG&E that the Mesa Wind PPA merits approval. See Confidential Appendix B for an excerpt of the IE report.

Consistent with D.06-05-039 and D.09-06-050, an independent evaluator oversaw SDG&E’s negotiations with Mesa Wind.

### Cost Reasonableness

The Commission’s reasonableness review for RPS PPA prices includes a comparison of the proposed PPA’s price to other RPS offers received in recent RPS solicitations and to contracts executed in the 12 months prior to the

proposed PPA's execution date. Using this analysis and the confidential analysis provided by SDG&E in AL 2309-E, the Commission determines that the costs of the Mesa Wind PPA are reasonable. (See Confidential Appendix A for a discussion of the contractual pricing terms.)

The amended and restated Mesa Wind PPA compares favorably to RPS offers received in SDG&E's 2011 RPS solicitation and contracts executed by SDG&E 12 months prior to executing the Mesa Wind PPA.

Payments made by SDG&E under the amended and restated Mesa Wind PPA are fully recoverable in rates over the life of the PPA, subject to Commission review of SDG&E's administration of the PPA.

### **Project Viability Assessment**

The generation to be delivered pursuant to the contract is from an operating facility that has been certified by the CEC as RPS-eligible; thus, it is reasonable to expect that Mesa Wind will be able to meet the terms and conditions in the amended and restated PPA.

### **Compliance with the Interim Greenhouse Gas Emissions Performance Standard**

California Pub. Util. Code §§ 8340 and 8341 require that the Commission consider emissions costs associated with new long-term (five years or greater) baseload power contracts procured on behalf of California ratepayers.<sup>14</sup>

D.07-01-039 adopted an interim Emissions Performance Standard (EPS) that establishes an emission rate for obligated facilities at levels no greater than the greenhouse gas (GHG) emissions of a combined-cycle gas turbine power plant. Generating facilities using certain renewable resources are deemed compliant with the EPS.<sup>15</sup>

The amended and restated Mesa Wind PPA is not a long-term financial commitment subject to the EPS because the term of the PPA is less than five years.

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<sup>14</sup> "Baseload generation" is electricity generation at a power plant "designed and intended to provide electricity at an annualized plant capacity factor of at least 60%." Pub. Util. Code § 8340 (a).

<sup>15</sup> D.07-01-039, Attachment 7, p. 4.

### **Procurement Review Group Participation**

The Procurement Review Group (PRG) was initially established in D.02-08-071 as an advisory group to review and assess the details of the IOUs' overall procurement strategy, solicitations, specific proposed procurement contracts and other procurement processes prior to submitting filings to the Commission.<sup>16</sup> The Mesa Wind project and PPA was discussed at the August, September, October, and November 2011 PRG meetings.

Pursuant to D.02-08-071, SDG&E's Procurement Review Group Participated in the Review of the Mesa Wind PPA.

### **RPS Eligibility and CPUC Approval**

Pursuant to Pub. Util. Code § 399.25, the CEC certifies eligible renewable energy resources. Generation from a resource that is not CEC-certified cannot be used to meet RPS requirements. To ensure that only CEC-certified energy is procured under a Commission-approved RPS contract, the Commission has required standard and non-modifiable "eligibility" language in all RPS contracts. That language requires a seller to warrant that the project qualifies and is certified by the CEC as an "Eligible Renewable Energy Resource," that the project's output delivered to the buyer qualifies under the requirements of the California RPS, and that the seller uses commercially reasonable efforts to maintain eligibility should there be a change in law affecting eligibility.<sup>17</sup>

The Commission requires a standard and non-modifiable clause in all RPS contracts that requires "CPUC Approval" of a PPA to include an explicit finding that "any procurement pursuant to this Agreement is procurement from an eligible renewable energy resource for purposes of determining Buyer's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewables Portfolio Standard (*Public Utilities Code Section 399.11 et seq.*), Decision 03-06-071, or other applicable law."<sup>18</sup>

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<sup>16</sup> SDG&E's PRG includes representatives of the Union of Concerned Scientists, the Coalition of California Utility Employees, The Utility Reform Network, the California Public Utility Commission's Energy Division and Division of Ratepayer Advocates, and the California Department of Water Resources.

<sup>17</sup> See, e.g. D. 08-04-009 at Appendix A, STC 6, Eligibility.

<sup>18</sup> See, e.g. D. 08-04-009 at Appendix A, STC 1, CPUC Approval.

Notwithstanding this language, the Commission has no jurisdiction to determine whether a project is an eligible renewable energy resource, neither can the Commission determine prior to final CEC certification of a project, that “any procurement” pursuant to a specific contract will be “procurement from an eligible renewable energy resource.” In this instance, though, the facilities are already operating and the CEC has certified the facilities as RPS-eligible.<sup>19</sup>

Therefore, while we include the required finding here, this finding has never been intended, and shall not be read now, to allow the generation from a non-RPS-eligible resource to count towards an RPS compliance obligation. Nor shall such finding absolve the seller of its obligation to obtain or maintain CEC certification, or the utility of its obligation to pursue remedies for breach of contract. Such contract enforcement activities shall be reviewed pursuant to the Commission’s authority to review the utilities’ administration of contracts.

### **Confidential Information**

The Commission, in implementing Pub. Util. Code § 454.5(g), has determined in D.06-06-066, as modified by D.07-05-032, that certain material submitted to the Commission as confidential should be kept confidential to ensure that market sensitive data does not influence the behavior of bidders in future RPS solicitations. D.06-06-066 adopted a time limit on the confidentiality of specific terms in RPS contracts. Such information, such as price, is confidential for three years from the date the contract states that energy deliveries begin, except contracts between IOUs and their affiliates, which are public.

The confidential appendices, marked "[REDACTED]" in the public copy of this resolution, as well as the confidential portions of the advice letter, should remain confidential at this time.

### **COMMENTS**

This is an uncontested matter in which the resolution grants the relief requested. Accordingly, pursuant to Pub. Util. Code § 311(g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

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<sup>19</sup> [http://www.energy.ca.gov/portfolio/documents/List\\_RPS\\_CERT.pdf](http://www.energy.ca.gov/portfolio/documents/List_RPS_CERT.pdf).

## **FINDINGS AND CONCLUSIONS**

1. The amended and restated Mesa Wind PPA is consistent with SDG&E's 2011 RPS Procurement Plan, as approved by D.11-04-030.
2. The amended and restated Mesa Wind PPA was evaluated consistent with the least-cost best-fit methodology identified in SDG&E's 2011 RPS Procurement Plan.
3. The amended and restated Mesa Wind PPA includes the Commission-adopted RPS "non-modifiable" standard terms and conditions, as set forth in D.08-04-009, D.08-08-028, and D.10-03-021, as amended by D.11-01-025.
4. The amended and restated Mesa Wind PPA compares favorably to offers from SDG&E's 2011 RPS solicitation and contracts executed by SDG&E 12 months prior to executing the Mesa Wind PPA.
5. Payments made by SDG&E under the amended and restated Mesa Wind PPA are fully recoverable in rates over the life of the amended and restated Mesa Wind PPA, subject to Commission review of SDG&E's administration of the amended and restated Mesa Wind PPA.
6. It is reasonable to expect that Mesa Wind will be able to meet the terms and conditions in the amended and restated Mesa Wind PPA.
7. The amended and restated Mesa Wind PPA is not a long-term financial commitment subject to the EPS because the term of the PPA is less than five years.
8. Pursuant to D.02-08-071, SDG&E's Procurement Review Group participated in the review of the Mesa Wind PPA.
9. Consistent with D.06-05-039, an independent evaluator oversaw SDG&E's RPS procurement process.
10. Procurement pursuant to the amended and restated Mesa Wind PPA is procurement from eligible renewable energy resources for purposes of determining SDG&E's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewables Portfolio Standard (Public Utilities Code Section 399.11 et seq.) or other applicable law.
11. The immediately preceding finding shall not be read to allow generation from a non-RPS eligible renewable energy resource under this PPA to count towards an RPS compliance obligation. Nor shall that finding absolve SDG&E of its obligation to enforce compliance with this PPA.

12. The confidential appendices, marked "[REDACTED]" in the public copy of this Resolution, as well as the confidential portions of the advice letter, should remain confidential at this time.
13. AL 2309-E and AL 2309-E-A should be approved effective today.

**THEREFORE IT IS ORDERED THAT:**

1. San Diego Gas & Electric Company's Advice Letter 2309-E and AL 2309-E-A, requesting Commission review and approval of an amended and restated power purchase agreement with Mesa Wind Power Corporation, is approved without modification.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on May 10, 2012; the following Commissioners voting favorably thereon:

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PAUL CLANON  
Executive Director

# **Confidential Appendix A**

## **Summary of Mesa Wind PPA**

[Redacted]

## **Confidential Appendix B**

Excerpt from Independent Evaluator's Report  
regarding SDG&E's PPA with Mesa Wind<sup>20</sup>

[Redacted]

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<sup>20</sup> Confidential Appendix C to Advice Letter 2309-E, Report of the Independent Evaluator on the Mesa Wind contract (November 17, 2011). Jonathan M. Jacobs, PA Consulting.